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June 18, 2014

Mr. Barry F. Mardock
Deputy Director
Office of Regulatory Policy
Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 22102-5090

Dear Mr. Mardock:

Alabama Farm Credit's (AFC) Board of Directors (Board) and management appreciate the opportunity to comment on the Farm Credit Administration's (FCA) Proposed Rule regarding Standards of Conduct. Adherence to appropriate Standards of Conduct is important to the integrity of the Farm Credit System and a topic which should be carefully considered. The FCA's proposed rule, however, does far more harm than good and should be substantially revised.

We find that the proposed rule contains components that are ambiguous and over-reaching, as well as creating unnecessary burden on directors, and the institution, including the Standards of Conduct Official.

The proposed rule indicates a clear shift in the accountability and burden of disclosure from the individual to the institution, and the Standards of Conduct Official. Institutions can provide training and create an appropriate culture, but ethical Conduct is the ultimate responsibility of the directors and employees that in aggregate create the institution as a whole. A culture of ethics and compliance can only be as strong as the level of responsibility demonstrated by each of individual which make up the organization and that is where the accountability must ultimately lie.

Also, the proposed rule could have unintended consequences of discouraging stockholders from considering to serve on the board of directors. It is the desire of this board to attract the best available candidates from our membership for open board candidates. The proposed rule significantly increases the number of transactions that are subject to the review of the Standards of Conduct Official in a process that will now become bureaucratic and cumbersome. Majority of our elected directors are all full time farmers and this proposed rule will negatively and unfairly impair their ability to make timely business decisions.

Directors (and some employees and their spouses who also farm) routinely purchase feed, equipment, livestock and other goods and services from other farmers. In many cases, especially in smaller communities, some of the other parties to the transaction could very likely be Farm Credit borrowers. We feel strongly that a regulatory requirement to obtain prior approval from the Standards of Conduct Official is unnecessary and burdensome for ordinary course of business transactions involving purchases or sales of goods, services or other property. The proposed regulation also shifts the role of the Standards of Conduct Official from a corporate officer to an enforcement official.

The proposed regulation unreasonably interferes with the director's (or employee's) ability to run their farming business. It is not reasonable to require monitoring of director and employee daily activity taken in the ordinary course of business. Except for real estate purchase transactions (which can take weeks or months to close escrow), directors and employees will not have the time to obtain Standards of Conduct approval before entering into a purchase or sale transaction with a borrower, particularly those transactions involving the purchase of feed, equipment, livestock or other goods and services. As with many business transactions, time is of the essence and these disclosures could interfere with the business success of not only employees and directors, but of Association borrowers as well. Therefore, as written, the proposed regulation would be a serious disincentive for serving as a director (or employee) and would eventually place the Standards of Conduct official in the middle of a number of ordinary course of business transactions on a daily basis. This would also be a significant dis-incentive for any prospective director and/or employee.


Another concern is that directors and employees do not necessarily know whether the person with whom they are doing business is a Farm Credit borrower. Under the proposed regulation, a director or employee can be deemed to have violated the Standards of Conduct if an auditor takes the position that the director or employee "had reason to know" that the other party to the transaction was a borrower even though the director or employee had no actual knowledge that they were doing business with a borrower.


Alabama Farm Credit, ACA has reviewed the Farm Credit Council and Farm Credit Bank of Texas comments to FCA on the proposed Standards of Conduct regulations and fully supports their content and conclusion.

In conclusion, FCA, as an arms-length safety and soundness regulator, currently has the authority to regulate and enforce acts of wrongdoing in the Farm Credit System. Any future unnecessary and unduly burdensome or costly regulations are not based on the intent of Farm Credit law.

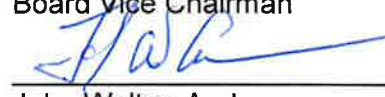
Alabama Farm Credit, ACA board of directors and our organization will continue to encourage high ethical Standards and reasonable Standards of Conduct disclosures that avoid conflicts of interests.

Sincerely,




Loyd Rutherford,
Board Chairman

Dr. Matthew James Christjohn
Board Vice Chairman

John R. Adams
Audit Committee Chairman

John Walton Anderson
Compensation Committee Chairman

Jimmy Wayne, Director

Larry Don McGee, Director

Benny Neal Smith, Director